

29 May 52

SECURITY INFORMATION - SECRET

United States Department of Justice  
Federal Bureau of Investigation  
Washington 25, D. C.

DFB-10446

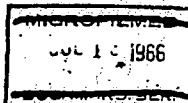
BY SPECIAL MESSENGER

May 29, 1952

To: Mr. Donald L. Nicholson  
Chief, Division of Security  
Office of Security and Consular Affairs  
Department of State  
Washington, D. C.

From: John Edgar Hoover, Director  
Federal Bureau of Investigation

Subject: ITZEL VARI  
ESPIONAGE - IS  
REGISTRATION ACT  
INTERNAL SECURITY ACT OF 1950



Enclosed herewith for your information is a copy of the report of Special Agent James P. Martin, dated April 22, 1952, at New York City, in the above-captioned matter.

Investigation is continuing by this Bureau and it is requested that you advise this Bureau in advance in the event any action is contemplated by the Department of State.

Attachment  
cc - 1 - Director (Attachment)  
Central Intelligence Agency  
2400 E Street, N.W.  
Washington, D. C.

Attention: Mr. Lynn B. Kirkpatrick  
Assistant Director for Special Operations

cc - 1 - Assistant Chief of Staff, G-2. (Attachment)  
Department of the Army  
The Pentagon  
Washington 25, D. C.

Attention: Chief, Intelligence Division

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ABSTRACT	INDEX
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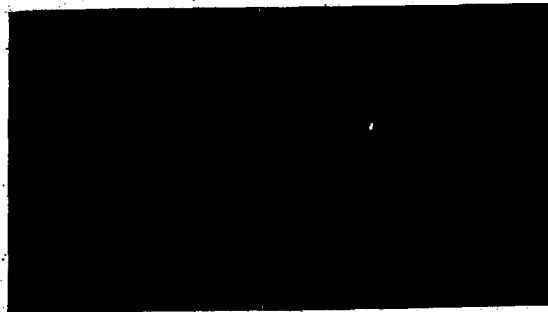
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CENTRAL INTELLIGENCE AGENCY  
SOURCES METHOD EXEMPTION 3B26  
NAZI WAR CRIM DISCLOSURE ACT  
DATE 2006

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 4/13/02 BY 60309 JAM/BSA/DM

# FEDERAL BUREAU OF INVESTIGATION

REPORT MADE AT <b>NEW YORK</b>		DATE WHEN MADE <b>4/22/52</b>	PERIOD FOR WHICH MADE <b>1/29-31; 2/7, 11, 20, 21, 24, 26-28; 3/1-3, 11-17, 25; 4/4/52</b>	REPORT MADE BY <b>JAMES P. MARTIN</b>
TITLE <b>ITZEK WARDI</b>		CHARACTER OF CASE <b>ESPIONAGE - IS</b>		

## SYNOPSIS OF FACTS:



- P -

## DETAILS:



*Att # 1 to DFB-18446*

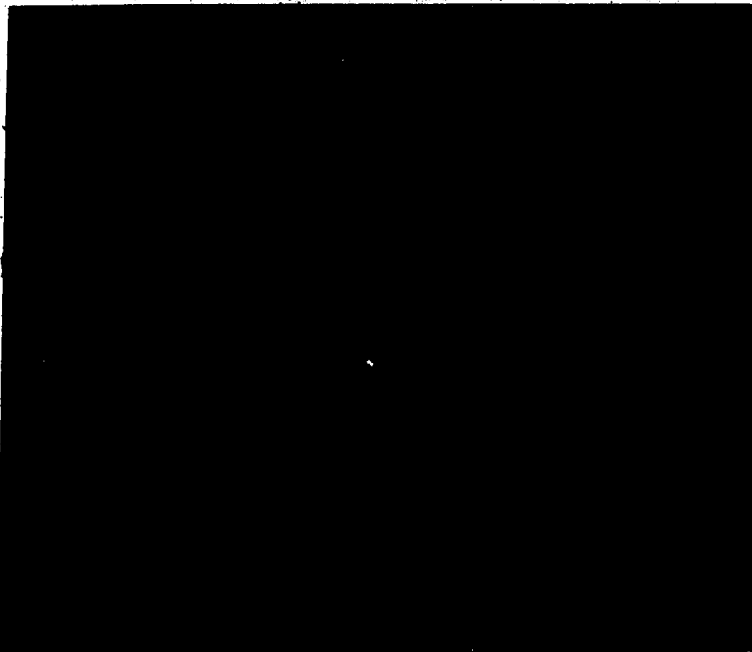
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*FBI redactions*

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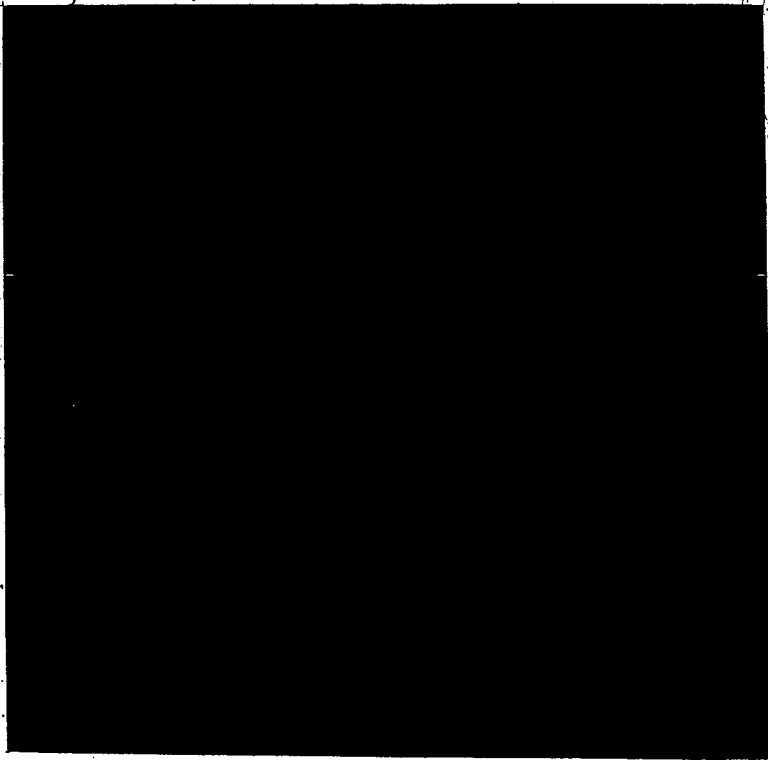
Information Concerning Subject's Activities  
In Europe



*FBI  
redactions*

*FBI  
redactions*

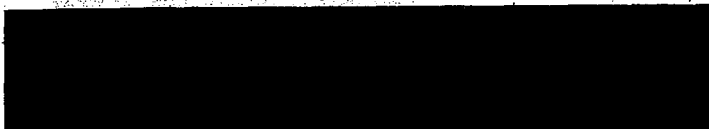
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Information which may be identical  
With Subject



Activities at New York City Since Arrival  
in the United States

CONFIDENTIAL  
Confidential Informant T-4, of known reliability, on January 23, 1952 furnished information that JOSEPH RARELLI had registered at the Hotel Park Plaza, 50 West 77th Street, New York City, New York on January 23, 1952. At the time

*FBI  
redactions*

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RAPELLI registered he stated he was connected with the Palestine Economic Corporation, 400 Madison Avenue, New York City, New York.

This same informant further advised that RAPELLI had previously made reservations at the Park Plaza Hotel, New York City, for one ITZHAK VARDI and wife, who registered at the Park Plaza Hotel on January 19, 1952. Informant T-4 advised that ITZHAK VARDI had furnished information that he was employed at the Palestine Economic Corporation at New York City, New York.



*FBI  
redaction*

Immigration and Naturalization Service at New York furnished information that ITZHAK VARDI had arrived in the United States at the Port of New York on January 19, 1952. According to the records of INS, New York, VARDI on his arrival in the United States had furnished his age as 31 and had indicated that he was accompanied by his wife, ZIPPORAH VARDI. Further, VARDI had indicated that on his arrival in the United States he was destined to the Palestine Economic Corporation, 400 Madison Avenue, New York City, New York.

Information Concerning Palestine Economic Corporation

Confidential Informant T-5, of known reliability, as of September, 1951 furnished the following information concerning the Palestine Economic Corporation:

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This corporation was chartered under the laws of Maine on January 18, 1926 as a merger of the Reconstruction Committee of the American Jewish Joint Distribution Committee, Inc. and Palestine Co-operative Company, Inc.

The informant advised that the following are the officers and directors of Palestine Economic Corporation:

Officers

HERBERT H. LEHMAN, Honorary Chairman  
JULIUS SIMON, President  
AARON BARONWAY, Vice-President  
PAUL SINGER, Vice-President  
EDWARD M. B. BARBURG, Vice-President  
SIDNEY RUSHER, Treasurer  
A. M. SILVAN, Assistant Secretary  
ROBERT SZOLD, Chairman of Board of Directors  
ISRAEL B. BRODIE, Vice-Chairman of Board of Directors  
HEINZ BRODNITZ, Assistant Vice-President  
ALBERT ZIFFER, Secretary  
JULIUS WEISS, Counsel

*Pal. Econ. Corp.*

Directors

JACOB M. ALKOW  
AARON BARONWAY  
OSCAR YERMAN  
MAURICE H. DINKEN  
ISRAEL B. BRODIE  
BENJAMIN BROVDY  
JOSEPH CHERNER  
SAMUEL H. DAROFF  
MOSES P. EPSTEIN  
LEON FALK, JR.  
F. JULIUS FOHS  
ABRAHAM FEINBERG  
MARVIN S. GELBER

*Pal. Econ. Corp.*

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BENJAMIN GALZER  
SIR HENRY J. D'AVIGDOR GOLDSMID  
SAMUEL GREENBLATT  
IRA GULDEN  
RAPHAEL A. HARATI  
MAURICE B. HEXTER  
HARRY HOROWITZ  
MARK JAFFE  
ALBERT B. JOFFE  
BERNHARD KAHN  
ABRAHAM S. KAY  
PHILIP M. KLUTZNICK  
MOSES A. LEVITT  
LOUIS E. LEVINthal  
JOSEPH LEVY  
JOSEPH I. LUSIN  
BORIS MARGOLIN  
ROLAND D. MARKSON  
JOSEPH MAZER  
HANS MEYER  
JOSEPH MEYERHOFF  
SIDNEY MUSHE  
ERNEST NATHAN  
EDWARD A. NORMAN  
IRVING S. MORRY  
ADOLF TOBLSON  
JAMES N. ROSENBERG  
CHARLES J. ROSENBLOOM  
Hon. PETER M. SAMUEL  
JOEL V. SCHENKER  
ALBERT SCHIFF  
ALBERT SEIFFER  
ISAAC SHALOM  
JOSEPH SHULMAN  
JULIUS SIMON  
HERBERT M. SINGER  
RUDOLF G. SONNEBORN  
NATHAN STRAUSS, III  
ALFRED A. STRELSIN



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ALAN M. STROOCK  
ROBERT SZOLD  
ISADOR S. TURNOVER  
FELIX L. WUFGAR  
BERNARD N. WALEY-COHN  
SIR ROBERT WALEY-COHN  
EDWARD M. M. WARBURG  
ERIC M. WARBURG  
MORRIS WEINBERG  
JULIUS WEISS  
SAMUEL ZEMURRAY  
RICHARD ZEISLER

Confidential Informant T-5 advised as follows concerning the officers of the Palestine Economic Corporation:

HERBERT H. LEHMAN is currently United States Senator from New York and has been prominent in banking and government service.

ROBERT SZOLD is an attorney with the firm of Szold and Brandwien.

JULIUS SIMON is employed full time by Palestine Economic Corporation.

ISRAEL BRODIE is associated with Reliable Sales, Inc. as Chairman of the Board of Directors.

EDWARD M. WARBURG is termed by Confidential Informant T-5 as a prominent financier, and this informant advised that SIDNEY MUSHER is President of Musher Foundation, Inc. The informant further advised that AARON BAROWAY, PAUL SINGER and ALBERT SEIFFER are full time employees of Palestine Economic Corporation, and informant indicated that ABEL M. SILVAN is an attorney and accountant by profession.

Confidential Informant T-5 advised that the directors of Palestine Economic Corporation are all men prominent and active in business and philanthropic organizations, principally in the United States.

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This informant said that Palestine Economic Corporation has interests in various enterprises of diversified nature in Israel. Informant advised that the Palestine Economic Corporation wholly owns the following subsidiaries:

✓ Seaside Land Corporation, Ltd., which develops land and builds homes and factories.

✓ Mortgage and Savings Bank, Ltd., savings bank accepting mortgages for investment.

✓ Palestine Water Company, Ltd., a loan corporation, Ltd.

✓ Palestine Economic Corporation of New York, which sells securities of Palestine Economic Corporation.

✓ Israel Commercial Corporation, New York purchasing representative for Israel customers and affiliates.

Confidential Informant T-5 further indicated that Palestine Economic Corporation has interests in the following:

✓ Union Bank of Israel, Ltd., a corporation recently formed.

✓ Palestine Potash, Ltd., an Israel chemical concern producing potash from the Dead Sea.

✓ Palestine Housing Corporation, Ltd., a corporation constructing houses and factories in Palestine.

The same informant furnished information that Palestine Economic Corporation has investments in other corporations including:

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~~Palestine Hotels, Ltd.~~  
~~Fertilizers and Chemicals, Ltd.~~  
~~Enterprises of Assis and Bejarano Brothers, Ltd.~~  
~~General Tire and Rubber Company (Israel), Ltd.~~  
~~Palestine Electric Corporation, Ltd.~~  
~~Serafin Resinous Chemicals Corporation, Ltd.~~  
~~Goldberg Instruments, Ltd.~~

Confidential Informant T-5 also advised that Palestine Economic Corporation owns 50% of the stock of American-Israeli Shipping Company, Inc., which is part owner of Israeli-American Line, Ltd., a ship operating company. Further, T-5 advised that Palestine Economic Corporation, through its subsidiaries, operates in Israel enterprises of a banking, credit, industrial, land, agriculture and utility nature and extends loans or purchases securities in various companies. Further, said corporation holds securities for safe keeping and temporary investment and carries cash balances in banks in the State of New York, and carries from time to time cash balances in London and Israel.

This informant related that Palestine Economic Corporation maintains its offices at 400 Madison Avenue, New York City, New York.

The "New York Times" in its issue of April 4, 1952, page 39, contained an article regarding the Palestine Economic Corporation, which article is set out as follows:

"The Palestine Economic Corporation, organized to channel American equity capital and 'know-how' into Israel, has raised more than \$7,000,000 through the sale of its common shares in the last four years, officials of the corporation said yesterday. The corporation, which was organized under the laws of Maine, and has approximately 8,000 shareholders, has an earned surplus of \$1,750,000. Last year its net earnings were \$263,000, compared with \$151,000 in 1950.

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"An American desiring to establish an industrial plant in Israel would encounter many difficulties, it is asserted.

"The land is 6,000 miles away, and a maze of government regulations would bewilder even the most experienced in such matters. The Palestine Economic Corporation, with leading American industrialists as directors, offers financial partnership to the businessman who has a special 'know-how' and a desire to take a personal part in a deserving enterprise. Robert Szold, chairman of the corporation, said yesterday. Mr. Szold, a partner in the New York law firm of Szold & Brandwien, is one of the founders of the corporation.

"The Palestine Economic Corporation is integrated in the life of Israel," Mr. Szold said. "Its officers and staff, from president down, are interwoven in the fabric of loyalties and obstacles and aspirations of the thriving community. Our determined continuity springs from our abiding faith in the credit worthiness of the people who constitute Israel. The aim has been to make individual Jews self-reliant and self-supporting, welded into homogeneity, with the high Jewish ideals."

"It is not enough to be successful," Mr. Szold said, adding:

"The Palestine Economic Corporation has a social-economic purpose, with constant regard for the public welfare. It is not less a business enterprise, because it also has such purpose. It has borne aloft the flag of American private initiative, of American progressive methods, of American standards of administration."

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Palestine Economic Corporation of  
New York

The records of the County Clerk, Supreme Court, New York County, reflect a Certificate of Incorporation File among those records showing the incorporation of the Palestine Economic Corporation of New York under article 2 of the Stock Corporation Laws of the State of New York. This Certificate reflects that the Palestine Economic Corporation of New York filed a petition for incorporation with the Secretary of State, State of New York, on May 7, 1940, furnishing an address for service of process as 570 Lexington Avenue, New York City, New York. Said petition indicated that the directors, until the first meeting of Palestine Economic Corporation of New York, would be the following:

BERNHARD FLEXNER, 1000 Park Avenue, New York City  
JULIUS SIMON, Jerusalem, Palestine  
ROBERT SZOLD, Pelhamdale Avenue, Pelham, New York

Further, that the subscribers to the Certificate of Incorporation were the following:

JULIUS WEISS, 122 East 42nd Street, New York City  
SEIG J. SILVERMAN, 1620 Washington Avenue,  
Brooklyn, New York  
JEANETTE ZENLER, 333 East 47th Street, New York City

Information Concerning Subject's Contacts  
While in New York City

It is noted that information is set out above reflecting that subject and subject's wife registered at the Park Plaza Hotel in New York City on January 19, 1952.

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Through the assistance of Confidential Informant T-6, of known reliability, it was ascertained that on January 30, 1952 the subject, together with subject's wife and JOSEPH RAFELLI, who has been mentioned above, were at the Hotel Hamilton, Utica, New York.

Physical surveillance, conducted by SAS DONALD E. SHANNON, JAMES D. HAYES, HENRY A. MCGILL and the writer, reflected that the subject, subject's wife and JOSEPH RAFELLI, with aliases, mentioned previously in this report, arrived in New York City at Grand Central Station, New York, aboard the New York Central Railroad, at 12:54 p.m., on February 24, 1952, and thereafter registered at the Park Plaza Hotel, 50 West 77th Street, New York City, where subject and his wife took a room and JOSEPH RAFELLI, with aliases, took another room.

From February 26, 1952, through March 2, 1952, subject was physically surveilled by agents of the New York Office. On all week days during this period he was observed to proceed to the Palestine Economic Corporation Offices at 400 Madison Avenue, New York City, New York, where he remained throughout the day. During the period in which subject was physically surveilled, he was not observed to make any significant contacts. During this period subject continued to reside at the Park Plaza Hotel, 50 West 77th Street, New York City, New York.

Through the cooperation of Confidential Informant T-7, of known reliability, it was ascertained that the subject called the following telephone numbers during the time that he resided at the Hotel Park Plaza on February 24, 1952 to March 2, 1952.

Further, Confidential Informant T-8, of known reliability, made available the names and addresses of the individuals and companies to whom these telephone numbers were listed, as follows:

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<u>Date</u>	<u>Telephone Number</u>	<u>Subscriber</u>
2/25/52 2/26/52	Monument 6-1320	Active Monument Corporation, 210 West 94th Street, New York, New York
2/27/52 (2 calls)	CYprus 9-4336	RALPH SCHWARTZ, M.D. Office at 2017 Grand Concourse Bronx, New York
2/27/52	Monument 3-0230	DAVE B. PACKIN 210 West 94th Street, New York, New York
2/27/52	TRcmont 2-0928	BEN KRYGIER 1777 Grand Concourse Bronx, New York
3/1/52	TRafalgar 6-3989	PAUL F. CHIAPETTI 207 East 105th Street New York City, New York

In regard to the above names, there is no identifiable pertinent information in the New York files pertaining to any of the above individuals or companies.

However, in regard to the name BEN KRYGIER, 1777 Grand Concourse, Bronx, New York, mentioned above, it is noted that on January 21, 1945, in connection with interviews of persons coming into the United States during World War II, one BINEN KRYGIER was interviewed by SA JOHN H. BROUGHTON, upon the arrival of BINEN KRYGIER in the United States at New York City on January 21, 1945, aboard the United States Navy transport GENERAL J. R. BROOKS.

Said interview of BINEN KRYGIER reflected that this person was traveling on a British Palestinian passport number 131637, issued by the British Consulate at Jerusalem

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on June 28, 1940, which passport indicated that KRYGIER was born in Warsaw, Poland on November 13, 1923. KRYGIER stated that he is a seaman holding a rating of Chief Engineer, and had entered the United States first on July 10, 1942 aboard the M.S. TIPICA (Norway), at New Orleans, Louisiana, and has been shipping on American vessels from that time to the time of interview.

KRYGIER further advised during that interview that he had left Warsaw, Poland in 1935 and had resided in Palestine from 1935 to 1942. KRYGIER said that he was employed by the Army Transport Service Water Division at Brooklyn, New York in 1943, and had been working on trips between Great Britain and France. KRYGIER further advised that he was still under contract at that time with the Army Transport Service.

KRYGIER furnished his mailing address as room 806, 1140 Broadway, New York City, New York, which he said was the address of the Office of Palestine Pioneer Organization. KRYGIER had in his possession Selective Service Registration cards issued by Local Board 24, New York City.

Confidential Informant T-7 on March 3, 1952 advised that the subject left the Park Plaza Hotel in the company of JOSEPH RAPELLI, with aliases, in the early morning of March 3, 1952 for a trip outside New York City. This informant advised that Mrs. ITZHAK VARDI still remained at the Park Plaza Hotel.

In this regard, Confidential Informant T-7 said that the subject had advised this informant that Mrs. ITZHAK VARDI was expecting a baby, and accordingly would remain at the Park Plaza Hotel for an indefinite period of time, even though it was necessary for the subject to make numerous business trips outside of New York City.

Confidential Informant T-7 furnished information that JOSEPH RAPELLI, with aliases, had made a reservation at



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the Hotel Henry Hudson, 200 Broadway, Troy, New York, for March 3, 1952, and this informant advised that it was his impression that the subject and JOSEPH RAFELLI would be traveling together to Troy, New York.

In this regard Informant T-7 said that subject and JOSEPH RAFELLI usually left the Park Plaza Hotel, while both were residing there; at the same time each morning to proceed together to their business office in New York City, which the informant said he believed to be the Palestine Economic Corporation. The informant advised further that the informant believed that the subject and JOSEPH RAFELLI intended to make business trips together outside of New York City, apparently in connection with their employment with the Palestine Economic Corporation.

Physical surveillance, conducted by the writer and SA RAYMOND F. BAIL, reflected that the subject, on March 14, 1952, returned to the Park Plaza Hotel at 50 West 77th Street, New York City, New York, at 3:40 p.m. on that date. At that time subject was observed to emerge from a light green Chevrolet automobile, which automobile had a black convertible top and which bore 1952 New York License Plate 1F4456. This automobile was driven by another individual. When subject emerged from said automobile at the corner of West 77th Street and Columbus Avenue, New York City, the automobile drove away and the subject entered the Park Plaza Hotel, 50 West 77th Street, New York City.

Physical surveillance conducted by agents of the New York Office for the remainder of March 14, 1952 and throughout March 15, 1952 and March 16, 1952 reflected no pertinent contacts made by the subject.

On March 16, 1952, at 6:30 p.m., the subject emerged from the Park Plaza Hotel, New York City, and entered the same Chevrolet automobile bearing 1952 New York License Plate number 1F4456, described above. This automobile again

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was driven by the same individual who had been driving said automobile on March 14, 1952.

Physical surveillance conducted by SA JAMES J. KEARNEY and the writer reflected that the subject rode in said automobile to the upper part of Westchester County on the road leading to Albany, New York on March 16, 1952.

It is noted that investigation conducted by the Albany Office has reflected that License Plate No. 1P4456 is registered to MAURICE J. DISKIN, 8735 Bay Parkway, Brooklyn, New York. Further investigation by the Albany Office has reflected that the subject and JOSEPH RAPELLI were contacted at Albany, New York by one DISKIN, who possessed as identification a New York Telephone Company Credit Card No. 2 CA 122178, issued in Manhattan, New York.

Confidential Informant T-8 furnished information that the New York Telephone Company had issued no credit card with that number, but did furnish information that Credit Card No. 2 CA 12278 was issued by the Telephone Company in 1952 to United Jewish Appeal, 165 West 46th Street, New York City, New York; telephone number PLaza 7-1500, for the use of MAURICE J. DISKIN, an employee of United Jewish Appeal.

Confidential Informant T-8 had no further information concerning MAURICE J. DISKIN, except that this informant advised that the New York Telephone Company in 1951 also had issued a Telephone Credit Card to the U.J.A. for the use of MAURICE J. DISKIN, who was listed as an employee of U.J.A. for the year 1951.

It is noted that the United Jewish Appeal has inserted many advertisements in New York newspapers within the last few years indicating that they are a Jewish fund raising organization, raising funds mainly for the assistance of Jewish refugee immigrants who are seeking sanctuary in Israel.

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The files of this office contain no pertinent information that could be identified with the name MAURICE J. DISKIN.

Further, it is noted that the New York City Telephone Directory for Brooklyn, New York, fails to reflect any subscriber listed therein as MAURICE J. DISKIN, residing at 8735 Bay Parkway, New York City.

Confidential Informant T-7 furnished information that subject returned to the Park Plaza Hotel on March 25, 1952 and remained there with subject's wife until March 30, 1952. Informant T-7 said that the subject then left the Park Plaza Hotel, advising this informant that he was going to Syracuse, New York, on a business trip. Informant further advised that the subject's wife continued to reside at the Park Plaza Hotel in Room 1218.

This same informant advised that, to the informant's knowledge, no mail had been received at the Park Plaza Hotel addressed to the subject or subject's wife, except a few letters which bore the return name of the subject and which were addressed to subject's wife. The informant said that these letters appeared to be letters mailed to the subject's wife by the subject while he was on business trips outside New York City. The informant has observed no other mail addressed to the subject or subject's wife at the Park Plaza Hotel, New York City.

P E N D I N G